

Registered number: 03173552

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M O Hifzi R G McNeil C B E Withers
Company secretary	G E James
Registered number	03173552
Registered office	500 Brook Drive Reading United Kingdom RG2 6UU
Independent auditor	KPMG LLP 1 St Peter's Square Manchester M2 3AE

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

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VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Principal activities and business review

The principal activity of the company during the year was, and will continue to be, that of a holding company. The investments of the company are shown in note 21. In addition, the company has significant financing arrangements with fellow group undertakings and holds derivative instruments to manage the group's exposure to fluctuations in exchange rates and interest rates.

As at 31 December 2020, the company is a wholly owned subsidiary undertaking of Virgin Media Inc. (Virgin Media) which is itself a wholly owned subsidiary of Liberty Global plc (Liberty Global). As at 31 December 2020, the financial information of Virgin Media and its subsidiaries are included in the combined financial statements of the 'Virgin Media Group'. Virgin Media Group comprises of (i) Virgin Media and its subsidiaries and (ii) NewCo Holdco 5 Limited and its subsidiaries (Virgin Media Ireland). The combined financial statements of Virgin Media Group are available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

As of 1 June 2021, following the formation of the joint venture (see note 22), the Virgin Media Inc. group (the group) operates under the Virgin Media O2 brand in the United Kingdom (UK).

The group provides broadband internet, video, fixed-line telephony, mobile and broadcasting services in the UK and is one of the largest providers of residential communications services in these countries in terms of the number of customers. The group believes its advanced, deep-fibre cable access network enables us to offer faster and higher quality broadband internet services than other digital subscriber line (DSL) market participants. As a result, it provides its customers with a leading next generation broadband internet service and one of the most advanced interactive television services available in the UK markets.

The group provides mobile services to its customers using a third-party network through mobile virtual network operator (MVNO) arrangements.

In addition, through the Virgin Media Business brand, the group offers a broad portfolio of B2B voice, data, internet, broadband and managed services solutions to small businesses, medium and large enterprises and public sector organisations in the UK.

At 31 December 2020, the group provided services to 6 million residential cable customers on its network. The group provides mobile telephony services to 3 million contract mobile customers and 0.1 million prepay mobile customers over third party networks. As of 31 December 2020, 80% of the group's cable customers received multiple services and 58% were "triple-play" customers, receiving broadband internet, video and fixed-line telephony services.

Liberty Global is a world leader in converged broadband, video and mobile communication services. It delivers next generation products through advanced fibre and 5G networks that connect 87 million subscribers across Europe and the UK. Liberty Global's consolidated businesses operate under the consumer brands Telenet in Belgium, Sunrise UPC in Switzerland, Virgin Media in Ireland and UPC in Eastern Europe in addition to its two 50:50 joint ventures, VMED O2 in the UK and VodafoneZiggo in the Netherlands. Through Liberty Global's substantial scale and commitment to innovation, it is investing in the infrastructure and platforms that empower its customers to make the most of the digital revolution, while deploying the advanced technologies that nations and economies need to thrive. Liberty Global's consolidated businesses generate annual revenues of more than \$7 billion, while its joint ventures in the UK and the Netherlands generate combined annual revenue of more than \$17 billion.

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefónica, SA (Telefónica). Pursuant to this agreement, Liberty Global and Telefónica agreed to form a 50:50 joint venture (UK JV). The joint venture combines the operations of Virgin Media Inc (Virgin Media) and its subsidiaries and the operations of O2 Holdings Limited and its subsidiaries (O2), to form Virgin Media O2. The formation of the joint venture was completed on 1 June 2021.

The directors do not use key performance indicators (KPI's) to assess the performance of the company as its principal activity is that of a holding company to provide funding to, and hold investments in, fellow group companies.

The company has received dividends of £1,515,565,000 from its subsidiaries during the year (2019 - £4,389,125,000).

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

Financial and operational risk management is undertaken as part of the group operations as a whole. The company's operations expose it to a variety of operational and financial risks. These are considered in more detail in the Annual Report of Virgin Media Group which is available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

Brexit

The UK's departure from the European Union (EU) could have a material adverse effect on our business, financial condition, results of operations or liquidity. On 23 June 2016, the UK held a referendum in which voters approved, on an advisory basis, an exit from the EU, commonly referred to as "Brexit".

The UK formally exited the EU on 31 January 2020. On 24 December 2020, the UK and the EU reached the "Trade and Cooperation Agreement," referred to as the EU-UK Agreement. On 30 December 2020, the EU-UK Agreement was approved by the UK Parliament, with retrospective ratification from the EU Parliament on 28 April 2021.

The EU-UK Agreement focuses on four main sectors, namely trade, economic and social cooperation, security and governance.

Examples of the potential impact Brexit could have on our business, financial condition or results of operations include:

- changes in foreign currency exchange rates and disruptions in the capital markets;
- shortages of labour necessary to conduct our business, including our Network Extension in the UK;
- disruption to our UK supply chain and related increased cost of supplies;
- a weakened UK economy resulting in decreased consumer demand for our products and services in the UK;
- legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws and directives to replace or replicate, or where previously implemented by enactment of UK laws or regulations, to retain, amend or repeal; and
- various geopolitical forces may impact the global economy and our business, including, for example, other EU member states (in particular those member states where we have operations) proposing referendums to, or electing to, exit the EU.

COVID-19

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. In response to the COVID-19 pandemic, emergency measures have been imposed by governments worldwide, including travel restrictions, restrictions on social activity and the shutdown of non-essential businesses.

The global COVID-19 pandemic continues to adversely impact the economy of the UK. However, during the year ended 31 December 2020, the adverse impact on the group was relatively minimal as demand for our products and services was strong. It is not currently possible to estimate the duration and severity of the COVID-19 pandemic or the full adverse economic impact resulting from the preventative measures taken to contain or mitigate its outbreak, therefore no assurance can be given that an extended period of global economic disruption would not have a material adverse impact on our business, financial condition and results of operations in future periods.

Future outlook

The directors will continue to review management policies in light of changing trading and market conditions. Further detail of the future outlook of the group is provided in Virgin Media Group's Annual Report for 2020, which is available to the public and may be obtained from Liberty Global's website at www.libertyglobal.com.

Section 172 Statement

This statement is intended to disclose how our directors have approached and met their responsibilities under s172 Companies Act 2006.

In line with group's goal of enhancing the long-term value for the benefit of its shareholders, the directors of the company have been elected by our shareholders to oversee the management of the company, to help assure that the interests of our shareholders are served.

The following factors are considered as part of group operations as a whole, to maintain highest standards of corporate governance, essential to our business integrity and performance:

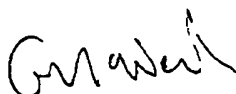
- long-term consequences of decisions;
- employees' interests;
- business relationships with suppliers and customers;
- the impact of our operations on the environment and communities in which we operate and;
- the need to act fairly between shareholders.

Consideration of these factors and other relevant matters is embedded into all Virgin Media group decision-making, strategy development and risk assessment throughout the year. Further information is considered in more detail in the Annual Report of Virgin Media Finance PLC which is available from the company secretary at Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board on 30 September 2021 and signed on its behalf.



R G McNeil
Director

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,362,950,000 (2019 - £3,850,953,000).

The directors have not recommended an ordinary dividend (2019 - £nil).

Directors

The directors who served during the year were:

W T Castell (resigned 9 March 2020)
M O Hifzi
R G McNeil (appointed 9 March 2020)
L Milner (appointed 1 March 2021, resigned 31 August 2021)
S-P Pascu (appointed 3 March 2020, resigned 16 November 2020)
C B E Withers (appointed 23 April 2020)

The directors of the company have been indemnified against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision is in force for directors serving during the financial year and as at the date of approving the Directors' Report.

Going concern

After making suitable enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

KPMG LLP will be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 30 September 2021 and signed on its behalf.



C B E Withers
Director

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have responsibility for taking such steps as are reasonable open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

Opinion

We have audited the financial statements of Virgin Media Investment Holdings Limited ("the company") for the year ended 31 December 2020, which comprise the Strategic Report, the Directors' Report, Profit and Loss Account and Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to Virgin Media Inc.'s policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED
(CONTINUED)**

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

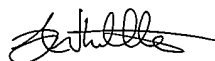
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
5 October 2021

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Administrative income/(expense)		21,733	(368,737)
Operating profit/(loss)	4	21,733	(368,737)
Income from subsidiaries	7	1,515,565	4,389,125
Finance income	8	201,719	259,718
Finance costs	9	(376,067)	(429,153)
Profit before tax		1,362,950	3,850,953
Income tax expense	10	-	-
Profit for the year		1,362,950	3,850,953
Other comprehensive income:			
Gain on cash flow hedges taken to equity	16	4,885	5,461
Total comprehensive income for the year		1,367,835	3,856,414

The notes on pages 11 to 32 form part of these financial statements.

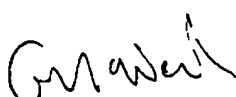
All results were derived from continuing operations.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED
REGISTERED NUMBER:03173552

BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments in subsidiaries	11	7,333,966	6,684,509
Current assets			
Debtors: amounts falling due after more than one year	12	5,170,365	4,420,092
Debtors: amounts falling due within one year	12	750,122	415,329
Cash and cash equivalents		18	19
		<u>5,920,505</u>	<u>4,835,440</u>
Creditors: amounts falling due within one year	13	(2,451,715)	(2,168,019)
Net current assets		<u>3,468,790</u>	<u>2,667,421</u>
Total assets less current liabilities		<u>10,802,756</u>	<u>9,351,930</u>
Creditors: amounts falling due after more than one year	14	(5,320,176)	(5,237,185)
Net assets		<u>5,482,580</u>	<u>4,114,745</u>
Capital and reserves			
Share capital	17	600,568	600,568
Share premium	18	15,901,192	15,901,192
Hedging reserve	18	(5,486)	(10,371)
Accumulated losses	18	(11,013,694)	(12,376,644)
Total shareholder's funds		<u>5,482,580</u>	<u>4,114,745</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2021.



R G McNeil
Director

The notes on pages 11 to 32 form part of these financial statements.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital	Share premium account	Hedging reserve	Accumulated losses	Total shareholder's funds
	£000	£000	£000	£000	£000
Balance as at 1 January 2020	600,568	15,901,192	(10,371)	(12,376,644)	4,114,745
Comprehensive income for the year					
Profit for the year	-	-	-	1,362,950	1,362,950
Gain on fair value hedge	-	-	4,885	-	4,885
Other comprehensive income for the year	-	-	4,885	-	4,885
Total comprehensive income for the year	-	-	4,885	1,362,950	1,367,835
Balance as at 31 December 2020	600,568	15,901,192	(5,486)	(11,013,694)	5,482,580

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Share premium account	Hedging reserve	Accumulated losses	Total shareholder's funds
	£000	£000	£000	£000	£000
Balance as at 1 January 2019	600,568	15,901,192	(15,832)	(16,227,597)	258,331
Comprehensive income for the year					
Profit for the year	-	-	-	3,850,953	3,850,953
Gain on fair value hedge	-	-	5,461	-	5,461
Other comprehensive income for the year	-	-	5,461	-	5,461
Total comprehensive income for the year	-	-	5,461	3,850,953	3,856,414
Balance as at 31 December 2019	600,568	15,901,192	(10,371)	(12,376,644)	4,114,745

The notes on pages 11 to 32 form part of these financial statements.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. Company information

Virgin Media Investment Holdings Limited (the "company") is a private company incorporated, domiciled and registered in the UK. The registered number is 03173552 and the registered address is 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

2. Accounting policies

A summary of the principal accounting policies is set out below. All accounting policies have been applied consistently, unless noted below.

2.1 Basis of accounting

These financial statements have been prepared on a going concern basis and under the historical cost basis in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's immediate parent undertaking, Virgin Media Finance PLC includes the company in its consolidated financial statements. The consolidated financial statements of Virgin Media Finance PLC are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and are available to the public and may be obtained from 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with fellow group undertakings;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Virgin Media Finance PLC include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 fair value measurement, the disclosures required by IFRS 7 financial instrument disclosures.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been approved on the assumption that the company remains a going concern. The following paragraphs summarise the basis on which the directors have reached their conclusion.

It is Virgin Media O2's practice for operational and financial management to be undertaken at a group level rather than for individual entities that are wholly owned by the group. Treasury operations and cash management for all of VMED O2 UK Limited wholly owned subsidiaries are managed on a Virgin Media O2 group basis. As part of normal business practice, regular cash flow forecasts for both short and long term commitments are undertaken at group level.

Forecasts and projections prepared for the Virgin Media O2 group as a whole, indicate that cash on hand, together with cash from operations and undrawn revolving credit facilities, are expected to be sufficient for the Virgin Media O2 group's and hence the company's cash requirements through to at least 12 months from the approval of these financial statements. The group has indicated its intention to continue to make such funds available to the company as are needed. In addition VMED O2 UK Limited has formally indicated its intention to continue to support the company financially for at least this period.

Whilst the detailed cash flow forecasts are prepared at the group level, the directors have also assessed the position of the company. This assessment indicates that, taking account of reasonably possible downsides, the company will have sufficient resources, through funding from fellow subsidiary companies to meet its liabilities as they fall due for that period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis. Consideration of the on-going impact of COVID-19 has not altered this conclusion.

2.3 Finance income

Finance income is recognised as interest accrues according to the effective interest rate method, which uses the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount.

2.4 Dividend income

Income is recognised when the company's right to receive payment or dividend in specie is established.

2.5 Investments in subsidiaries

Investments are recorded at cost, less provision for impairment as appropriate. The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indication exists, the company makes an estimate of the investment's recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. A previously recognised impairment loss is reversed only if there was an event not foreseen in the original impairment calculations, such as a change in use of the investment or a change in economic conditions. The reversal of impairment loss would be to the extent of the lower of the recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

2.6 Trade receivables and other debtors

Trade receivables and other debtors are initially measured at fair value and subsequently reported at amortised cost, net of an allowance for impairment of trade receivables.

The company uses a forward looking impairment model which uses a lifetime expected loss allowance which is estimated based upon our assessment of anticipated loss related to uncollectible accounts receivable. We use a number of factors in determining the allowance, including, among other things, collection trends, prevailing and anticipated economic conditions, and specific customer credit risk. The allowance is maintained until either payment is received or the likelihood of collection is considered to be remote.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2.9 Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance costs using the effective interest method.

Finance costs which are incurred in connection with the issuance of debt are deferred and set off against the borrowings to which they relate. Deferred finance costs are amortised over the term of the related debt using the effective interest method.

Borrowings are classified as creditors: amounts falling due within one year unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period in which case they are classified as creditors: amounts falling due after more than one year.

2.10 Non derivative financial instruments

Cash and cash equivalents, current trade and other receivables, related-party receivables and payables, certain other current assets, accounts payable, certain accrued liabilities and value-added taxes (VAT) payable represent financial instruments that are initially recognized at fair value and subsequently carried at amortized cost. Due to their relatively short maturities, the carrying values of these financial instruments approximate their respective fair values.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such loans and other receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The company initially recognizes loans and receivables on the date they are originated. All other financial assets (including assets designated as fair value through the statement of profit or loss) are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the company is recognized as a separate asset or liability.

The company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Derivative financial instruments and hedge accounting

The group has established policies and procedures to govern the management of its exposure to interest rate and foreign currency exchange rate risks, through the use of derivative financial instruments, including interest rate swaps, cross-currency interest rate swaps and foreign currency forward rate contracts.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet date.

Derivatives are recognised as financial assets when the fair value is positive and as liabilities when the fair value is negative.

The foreign currency forward rate contracts, interest rate swaps and cross-currency interest rate swaps are valued using internal models based on observable inputs, counterparty valuations or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk. Non-performance risk is based upon quoted credit default spreads for counterparties to the contracts and swaps. Derivative contracts which are subject to master netting arrangements are not offset and have not provided, nor require, cash collateral with any counterparty.

While these instruments are subject to the risk of loss from changes in exchange rates and interest rates, these losses would generally be offset by gains in the related exposures. Financial instruments are only used to hedge underlying commercial exposures. The group does not enter into derivative financial instruments for speculative trading purposes, nor does it enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed.

For derivatives which are designated as hedges the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

The group designates certain derivatives as either fair value hedges, when hedging exposure to variability in the fair value of recognised assets or liabilities or firm commitments, or as cash flow hedges, when hedging exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Derivatives that are not part of an effective hedging relationship, as set out in IFRS 9, must be classified as held for trading and measured at fair value through profit or loss.

The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends upon the nature of the hedging relationship and are treated as follows:

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are reclassified to the profit and loss account when the hedged transaction is recognised in profit or loss, such as when a forecast sale or purchase occurs, in the same line of the profit and loss account as the recognised hedged item. Where the hedged item is the cost of a non-financial asset or liability, the gains and losses previously accumulated in equity are transferred to the initial measurement of the cost of the non-financial asset or liability.

If a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to the profit and loss account.

Fair value hedges

For fair value hedges, the changes in the fair value of the hedging instrument are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the profit and loss account relating to the hedged item.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, then the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

2.12 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange differences are taken to the profit and loss account.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management has made estimates and judgements that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions

Carrying value of investments

Investments are held at cost less any necessary provision for impairment. Where the impairment assessment did not provide any indication of impairment, no provision is required. If any such indications exist, the carrying value of an investment is written down to its recoverable amount.

Recoverability of intercompany receivables

Intercompany receivables are stated at their recoverable amount less any necessary provision. Recoverability of intercompany receivables is assessed annually and a provision is recognised if any indications exist that the debtor is not considered recoverable.

Fair value measurement of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see note 16).

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2020 £000	2019 £000
Gain on foreign currency translation	(22,717)	(52,929)
Impairment of investments	-	129,370
Loss on disposal of investments	-	185,752

The carrying value of investments are assessed annually. There was no provision for impairment in 2020. During 2019, following a wider group restructure, the directors concluded on a provision for impairment of £129,370,000.

The directors received a nominal amount for the qualifying services as directors of this company. All directors' remuneration for those which were in office during 2020 and 2019 was paid by and disclosed in the financial statements of Virgin Media Limited.

5. Auditor's remuneration

Auditor's remuneration of £5,000 (2019 - £5,000) for the audit of the financial statements has been borne by a fellow group undertaking and not recharged.

6. Employees

The company does not have any directly employed staff and is not charged an allocation of staff costs by the group.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Income from investments

	2020 £000	2019 £000
Dividends received	1,515,565	4,389,125

On 28 September 2020 the company received a cash dividend of £8,622,000 from Virgin Media Investments Limited. On 27 November 2020 the company received a dividend in specie of £645,263,000 from Virgin Media Finco Limited. On 2 December 2020 the company received a dividend in specie of £861,680,000 from Virgin Media Investments Limited.

For the year ended 31 December 2019, the company received £4,389,125,000 from its subsidiaries during the year.

8. Finance income

	2020 £000	2019 £000
Interest on amounts owed by group undertakings	193,149	101,633
Net gain on derivative financial instruments	8,505	157,950
Other finance income	65	135
	<u>201,719</u>	<u>259,718</u>

9. Finance costs

	2020 £000	2019 £000
Interest on amounts owed to group undertakings	234,724	323,201
Other finance charges	141,343	105,952
	<u>376,067</u>	<u>429,153</u>

10. Income tax expense

Tax expense included in profit or loss:

	2020 £000	2019 £000
Current tax		
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit	<u>-</u>	<u>-</u>

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Income tax expense (continued)

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	1,362,950	3,850,953
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	258,961	731,681
Income not taxable	(287,958)	(774,061)
Group relief surrendered without payment	28,997	42,380
Tax charge	-	-

Deferred tax assets in respect of the following deductible differences have not been recognised as there is no persuasive evidence that there will be suitable taxable profits against which these temporary differences will reverse.

	2020 £000	2019 £000
Unrealised losses on derivative financial instruments	5,486	10,371

Factors affecting current and future tax charges

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at 19% and not reduce to 17% from 1 April 2020. The 19% rate was substantively enacted in the Finance Bill 2020 on 17 March 2020. In the 3 March 2021 Budget, it was announced that the UK tax rate would increase to 25% from 1 April 2023, substantively enacted on 24 May 2021. This will have a consequential effect on the company's future tax charge.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Investments in subsidiaries

	Investments in subsidiary companies £000
Cost	
At 1 January 2020	6,813,879
Additions	649,457
At 31 December 2020	<u>7,463,336</u>
Impairment	
At 1 January 2020	<u>129,370</u>
At 31 December 2020	<u>129,370</u>
Net book value	
At 31 December 2020	<u><u>7,333,966</u></u>
At 31 December 2019	<u><u>6,684,509</u></u>

The investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown in note 21.

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

On 28 November 2020, as part of a wider group restructure the company acquired <1% of ordinary share capital of Virgin Media Investments Limited, for a consideration of £649,457,000, representing loan receivables due from fellow group subsidiaries.

12. Debtors

	2020 £000	2019 £000
Due after more than one year		
Other debtors	4,033	4,033
Amounts owed by group undertakings	4,694,286	3,927,016
Debt issue costs	18,318	14,749
Derivative financial assets	453,728	474,294
	<u>5,170,365</u>	<u>4,420,092</u>

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Debtors (continued)

	2020 £000	2019 £000
Due within one year		
Amounts owed by group undertakings	643,730	325,463
Prepayments and accrued income	13	13
Derivative financial assets	106,379	89,853
	<u>750,122</u>	<u>415,329</u>

Debt issue costs represent issue and amendment costs on the Revolving Credit Facility (note 13) and certain other loans, and are capitalised and amortised over the life of the debt.

Amounts owed by group undertakings falling due after more than one year comprise loan notes which incur interest at a rate of 4.95%, subject to adjustment (2019 - 4.9%) and are repayable in November 2027.

The analysis of amounts owed by group undertakings is:

	2020 £000	2019 £000
Loans advanced to group undertakings	4,924,514	3,946,266
Other amounts owed by group undertakings	413,502	306,213
	<u>5,338,016</u>	<u>4,252,479</u>

Other amounts owed by group undertakings are unsecured, interest free, and repayable on demand.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Vendor financing	1,964,704	1,717,454
Other loans	6,733	90,654
Amounts owed to group undertakings	271,267	149,476
Accruals and deferred income	40,821	29,855
Derivative financial liabilities	168,190	180,580
	<u>2,451,715</u>	<u>2,168,019</u>

The analysis of amounts owed to group undertakings is:

	2020 £000	2019 £000
Loans advanced by group undertakings	22,548	122,633
Other amounts owed to group undertakings	248,719	26,843
	<u>271,267</u>	<u>149,476</u>

Amounts owed to group undertakings due within one year include loan notes which had a carrying value of £22,548,000 (2019 - £122,633,000) at the balance sheet date. Loan notes are denominated in sterling and U.S. dollar, bear interest at 4.7% and are repayable on demand.

Other amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

	Facility amount 2020 £000	Unused borrowing capacity 2020 £000	Facility amount 2019 £000	Unused borrowing capacity 2019 £000
Revolving Credit Facilities	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

Revolving Credit Facilities

The company's credit facilities includes a revolving facility, a multi-currency revolving facility with maximum borrowing capacity equivalent to £1,000,000,000, which was undrawn at 31 December 2020. The revolving credit facility bears interest at LIBOR plus 2.75% with a 1.1% fee on unused commitments, maturing on 31 January 2026. As at September 2021, the company has signed commitment letters with several banks and financial institutions to increase the revolving facility to £1,378,000,000.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Other loans	8,367	70,798
Amounts owed to group undertakings	4,467,176	4,404,179
Vendor financing	88,977	78,828
Derivative financial liabilities	755,656	683,380
	<u>5,320,176</u>	<u>5,237,185</u>

The analysis of amounts owed to group undertakings is:

	2020 £000	2019 £000
Loans advanced by group undertakings	<u>4,467,176</u>	<u>4,404,179</u>

Amounts owed to group undertakings due after one year represent loan notes which had a carrying value of £4,467,176,000 (2019 - £4,404,179,000) at 31 December 2020. Loan notes are denominated in sterling and U.S. dollar, unsecured, bear interest ranging from 4.625% to 5.45% and mature between 2026 and 2027.

15. Loans and borrowings

	2020 £000	2019 £000
Vendor financing	2,053,681	1,788,039
Other debt	15,100	171,188
	<u>2,068,781</u>	<u>1,959,227</u>

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Loans and borrowings (continued)

	2020 £000	2019 £000
Amounts falling due between one and five years:		
Vendor financing	2,053,681	1,788,039
5.5% Vendor financing notes issued by VMRFN I DAC due 2024	2,700	97,540
5.75% Vendor financing notes issued by VMRFN II DAC due 2023	1,333	12,546
Debt with embedded derivatives	-	34,362
Collateralised transactions	-	26,740
	2,057,714	1,959,227
Amounts falling due after more than five years:		
4.875% Vendor financing notes issued by VMRFN III DAC due 2028	8,761	-
5.0% Vendor financing notes issued by VMRFN IV DAC due 2028	2,306	-
	11,067	-

Virgin Media Financing Transactions

In May 2020, Virgin Media Trade Receivables Financing plc, a third-party special purpose financing entity, was created for the purpose of facilitating the offering of certain notes. These notes are collateralized by certain trade receivables of Virgin Media, creating a variable interest in which Virgin Media is the primary beneficiary and, accordingly, Virgin Media, and ultimately Liberty Global, are required to consolidate Virgin Media Trade Receivables Financing plc. The offering of these notes resulted in net proceeds of £214.4 million.

Senior Secured Notes Transactions

In June 2020, a fellow subsidiary issued 2030 senior secured notes with principal amounts of \$650 million and £450 million. The net proceeds from the issuance of these notes were used (1) to redeem in full £525 million outstanding principal amounts of existing 2027 senior secured notes, (2) to redeem in full £360 million outstanding principal amounts of existing 2029 senior secured notes and (3) £80 million of the £521.3 million outstanding principal amount of existing 2025 senior secured notes.

In November 2020, a fellow subsidiary issued, via a private placement 2030 senior secured notes with principal amounts of \$265 million, £235 million and £30 million. The net proceeds from the issuance of these notes were used (1) redeem in full £441.3 million outstanding principal amounts of existing 2025 senior secured notes and (2) for general corporate purposes.

The new senior secured notes rank pari-passu with the group's existing senior secured notes and senior secured credit facility, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

Vendor Financing Notes Transactions

Virgin Media Vendor Financing Notes III Designated Activity Company (Virgin Media Financing III Company) and Virgin Media Vendor Financing Notes IV Designated Activity Company (Virgin Media Financing IV Company, and together with Virgin Media Financing III Company, the 2020 VM Financing Companies) were created for the purpose of issuing certain vendor financing notes. The 2020 VM Financing Companies are third-party special purpose financing entities that are not consolidated by Virgin Media or Liberty Global.

Virgin Media Financing III Company issued vendor financing notes with principal amounts of £500 million and £400 million. Virgin Media Financing IV Company issued vendor financing notes with principal amounts of \$500 million. The net proceeds from the June 2020 Vendor Financing Notes were used by the 2020 VM Financing Companies to purchase certain vendor-financed receivables of Virgin Media and its subsidiaries from previously-existing third-party special purpose financing entities (the Original VM Financing Companies) and various other third parties.

Other 2020 Financing Transactions

In September 2020, in connection with the pending formation of the joint venture between Virgin Media and O2 in the UK ('UK JV' as discussed further in note 22), a fellow subsidiary entered into a £1,300 million term loan facility. At 31 December 2020, the term loan facility is undrawn and only available to be drawn and utilised upon consummation of the UK JV. Accordingly the group's unused borrowing capacity at 31 December 2020, excludes the availability of the term loan facility.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Financial instruments

The group manages its treasury operations on a group basis and consequently, derivative financial instruments are designed to mitigate the risks experienced by the group as a whole rather than as a specific company. The group has obligations in a combination of U.S. dollars and sterling at fixed and variable interest rates. As a result, the group is exposed to variability in its cash flows and earnings resulting from changes in foreign currency exchange rates and interest rates.

	2020 £000	2019 £000
Financial assets		
Financial assets measured at fair value through profit or loss	560,107	564,166
Financial assets measured at amortised cost	5,360,386	4,271,261
	<u>5,920,493</u>	<u>4,835,427</u>
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	(923,846)	(898,322)
Financial liabilities measured at amortised cost	(6,848,044)	(6,506,883)
	<u>(7,771,890)</u>	<u>(7,405,205)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and derivative financial assets including cross currency swaps, cross currency interest rate swaps, interest rate swaps and foreign currency forward contracts.

Financial assets measured at amortised cost comprise debt issue costs, other debtors and amounts owed by group undertakings.

Financial liabilities measured at fair value through profit or loss comprise bank overdrafts and derivative financial liabilities including cross currency swaps, cross currency interest rate swaps and interest rate swaps and certain other loans.

Financial liabilities measured at amortised cost comprise amounts owed by group undertakings, vendor financing, accruals and deferred income and certain other loans.

The group's objective in managing its exposure to interest rate and foreign currency exchange rates is to decrease the volatility of its earnings and cash flows caused by changes in the underlying rates. The group has established policies and procedures to govern these exposures and has entered into derivative financial instruments including interest rate swaps, cross-currency interest swaps and foreign currency forward rate contracts. It is the group's policy not to enter into derivative financial instruments for speculative trading purposes, nor to enter into derivative financial instruments with a level of complexity or with a risk that is greater than the exposure to be managed. The amounts below include amounts relating to short term as well as long term creditors.

The derivative financial instruments held by the company are recorded at fair value on the balance sheet in accordance with IFRS 9 financial instruments. The fair values of these derivative financial instruments are valued using internal models based on observable inputs, counterparty valuations, or market transactions in either the listed or over-the-counter markets, adjusted for non-performance risk.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Financial instruments (continued)

The fair values of derivative financial instruments recognised in the balance sheet of the company are as follows:

	2020 £000	2019 £000
Current assets (note 12)		
Fair value hedges	-	23,455
Derivatives not designated as hedges	106,379	66,398
	<u>106,379</u>	<u>89,853</u>
Non current assets (note 12)		
Fair value hedges	-	46,569
Derivatives not designated as hedges	453,728	427,725
	<u>453,728</u>	<u>474,294</u>
Current liabilities (note 13)		
Derivatives not designated as hedges	(168,190)	(180,580)
	<u>(168,190)</u>	<u>(180,580)</u>
Non current liabilities (note 14)		
Derivatives not designated as hedges	(755,656)	(683,380)
	<u>(755,656)</u>	<u>(683,380)</u>
Aggregate net fair value of derivative financial instruments	<u><u>(363,739)</u></u>	<u><u>(299,813)</u></u>

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Financial instruments (continued)

The following table sets forth the total notional amounts and the related weighted average remaining contractual lives of the company's cross-currency swap contracts at 31 December 2020.

The company manages derivative instruments for the group and therefore the debt being hedged is not in the company's own balance sheet other than as reflected through inter-company loan notes.

Cross currency swap contracts

The terms of the outstanding cross currency swap contracts used to mitigate the foreign exchange and interest rate risk relating to the pound sterling value of interest payments on US dollar and Euro denominated senior notes at 31 December 2020 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (thousands)	Notional amount due to counterparty (thousands)	Weighted average remaining life
January 2021 - January 2028	Not designated	\$11,499,000	£8,699,500	5.5
January 2025	Not designated	£2,296,200	\$3,300,000	5.1
July 2028	Not designated	\$166,600	€150,000	7.5
July 2028	Not designated	€500,000	£445,600	7.5

In addition to the cross currency swap contracts shown above, the company also holds the following outstanding cross currency swap agreements with other companies within the Virgin Media group:

Final maturity date	Hedge type	Notional amount due to counterparty '000	Notional amount due from counterparty '000	Weighted average interest rate due to counterparty	Weighted average interest rate due from counterparty
February 2022	Not designated	\$63,300	£44,500	5.25%	3.72%
February 2022	Not designated	\$74,300	£52,200	4.88%	3.36%
April 2023	Not designated	\$1,000,000	£641,300	6.38%	6.00%
October 2024	Not designated	\$ 497,000	£349,300	6.00%	4.51%
January 2026	Not designated	\$3,300,000	£2,319,000	3.54%	3.90%
May 2027	Not designated	\$420,000	£323,300	5.50%	LIBOR+3.24%
August 2028	Not designated	\$650,000	£521,100	4.50%	4.50%

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Financial instruments (continued)

Interest rate swaps

At 31 December 2020, the company had outstanding interest rate swap agreements to manage the exposure to volatility in future cash flows on interest payments, which accrue on a variable basis based on LIBOR.

The company has also entered into interest rate swap agreements to manage its exposure to changes in the fair value of certain group debt obligations due to interest rate fluctuations.

The terms of outstanding interest rate swap contracts at 31 December 2020 were as follows:

Final maturity date	Hedge type	Pay fixed rate		Receive fixed rate	
		Notional (Thousands)	Weighted average remaining life	Notional (Thousands)	Weighted average remaining life
April 2026 – January 2029	Not designated	€1,500,000	6.7	€1,500,000	6.7
January 2021	Fair value	-	-	£300,000	0.0
January 2021 – January 2028	Not designated	£14,402,400	3.8	£3,830,800	4.2

In addition to the interest rate swaps shown above, the company also holds the following outstanding interest rate swap agreements with other companies within the Virgin Media group:

Final maturity date	Hedge type	Notional amount due to counterparty (Thousands)	Notional amount due from counterparty (Thousands)	Interest rate due to counterparty	Interest rate due from counterparty
May 2023	Not designated	£146,000	£146,000	1.1125%	LIBOR+0.0%
January 2025	Not designated	\$345,500	\$345,500	2.2669%	LIBOR+0.0%
January 2027	Not designated	£400,000	£400,000	4.29%	4.80%
November 2027	Not designated	£500,000	£500,000	4.29%	4.83%

Interest rate swaptions

The company has entered into various interest rate swap options (swaptions), which give the right, but not obligation, to enter into certain interest rate swap contracts at set dates in the future, with each such contract having a life of no more than three years. At the transaction date, the strike rate of each of these contracts was above the corresponding market rate.

The terms of outstanding interest rate swap option contracts at 31 December 2020 were as follows:

Notional amount (in millions)	Underlying swap currency	Weighted Average option expiration period	Weighted average strike rate %
£1,936.2	£	0.2	2.41

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Financial instruments (continued)

Basis swaps

The terms of outstanding basis swap contracts at 31 December 2020 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (Thousands)	Notional amount due to counterparty (Thousands)	Weighted average remaining life
July 2021	Not designated	£900,000	£900,000	0.5
July 2021	Not designated	\$3,300,000	\$3,300,000	0.5

Interest rate caps

The terms of outstanding interest rate caps as at 31 December 2020 were as follows:

Final maturity date	Hedge type	Notional amount due from counterparty (Thousands)	Notional amount due to counterparty (Thousands)	Weighted average remaining life
April 2026	Not designated	€750,000	€750,000	5.3
January 2029	Not designated	€750,000	€750,000	8.1
May 2023	Not designated	£225,000	£225,000	2.4
July 2021	Not designated	\$3,300,000	\$3,300,000	0.5
July 2021	Not designated	£900,000	£900,000	0.5

Foreign currency forward options and forward contracts

Foreign currency forward options

The company has entered into external foreign currency forward options on behalf of a fellow group undertaking in order to manage foreign currency exposure risk with respect to Indian rupee (INR). These trades are mirrored with internal derivatives between the company and the fellow group undertaking.

The following foreign currency forward options with a third party were in place at 31 December 2020:

Exchange currency	Notional Amount
	GBP £000
Indian Rupee	494

Foreign currency forward contracts

The following foreign currency forward contracts with a related party were in place at 31 December 2020:

Maturity date	Currency purchased forward	Currency sold forward
January 2021 – December 2021	\$48,880,000	£37,761,584
January 2021 – December 2021	€49,950,000	£44,566,730

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Financial instruments (continued)

The company has also entered into the following foreign currency forward contracts with other companies within the Virgin Media Group:

Maturity date	Currency purchased forward	Currency sold forward
January 2020 – June 2020	£7,929,360	\$10,000,000

Cash flow hedges

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income, while the ineffective portion is recognised in profit or loss.

The following table presents the effective amount of gain or loss recognised in other comprehensive income and amounts reclassified to earnings:

	2020 £000	2019 £000
Amounts reclassified to other comprehensive income - foreign exchange gains	<u>4,885</u>	<u>5,461</u>

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
600,567,734,802 Ordinary shares shares of £0.001 each	<u>600,567,735</u>	<u>600,567,735</u>

18. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Hedging reserve

Includes all the effective portion of the gain or loss on the hedging instrument for the cash flow hedges. See note 14 for further information.

Accumulated losses

Includes all current and prior year retained profits and losses.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Guarantees

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks. As at 31 December 2020, this comprised term facilities that amounted to £3,982 million (2019 - £4,015 million) and revolving credit facilities of £1,000 million (2019 - £1,000 million), which were undrawn as at 31 December 2019 and 2020. Borrowings under the facilities are secured against the assets of certain members of the group including those of this company.

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior secured credit facility. The amount outstanding under the senior secured notes at 31 December 2020 amounted to £4,400 million (2019 - £4,491 million). Borrowings under the notes are secured against the assets of certain members of the group including those of this company.

Furthermore, a fellow group undertaking has issued senior notes for which the company, along with certain fellow group undertakings, has guaranteed the notes on a senior subordinated basis. The amount outstanding under the senior notes as at 31 December 2020 amounted to approximately £1,127 million (2019 - £1,194 million).

Following the formation of the UK JV (see note 22), the group form part of the Virgin Media O2 group, as result the group is party to the below loans and borrowings.

In September 2020, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) a £1,500 million term loan facility and (b) a €750 million term loan facility. A subsidiary of the group entered into a \$1,300 million term loan facility. As at 31 December, the term loan facilities were undrawn and only available to be drawn and utilised upon consummation of the UK JV.

In addition, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) \$1,350 million senior secured notes, (b) €950 million senior secured notes and (c) £600 million senior secured notes.

In July 2021, a fellow group undertaking outside the Virgin Media Inc. group, entered into (a) \$1,400 million senior secured notes, (b) £675 million senior secured notes.

The new term loan facilities and senior secured notes rank pari-passu with the group's existing senior secured notes and senior secured credit facilities, and subject to certain exceptions, share in the same guarantees and security granted in favour of its existing senior secured notes.

The company has joint and several liabilities under a group VAT registration.

20. Controlling parties

The company's immediate parent undertaking is Virgin Media Finance PLC.

The smallest and largest groups of which the company is a member and in to which the company's accounts were consolidated at 31 December 2020 are Virgin Media Finance PLC and Liberty Global plc, respectively.

The company's ultimate parent undertaking and controlling party at 31 December 2020 was Liberty Global plc.

Copies of group accounts referred to above which include the results of the company are available from the company secretary, Virgin Media, 500 Brook Drive, Reading, United Kingdom, RG2 6UU.

In addition copies of the consolidated Liberty Global plc accounts are available on Liberty Global's website at www.libertyglobal.com or from the company secretary, Liberty Global plc, Griffin House, 161 Hammersmith Road, London, United Kingdom, W6 8BS.

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. List of investments

Name of company		Holdings	Proportion held	Nature of business
Direct shareholdings				
ntl Communications Services Limited		Ordinary	100%	Holding
Virgin Media Finco Limited		Ordinary	100%	Finance
Virgin Media Investments Limited		Ordinary	100%	Finance
Virgin Media Secured Finance PLC		Ordinary	100%	Finance
Virgin Media SFA Finance Limited		Ordinary	100%	Finance
Indirect shareholdings				
BCMV Limited		Ordinary	100%	Dormant
Birmingham Cable Limited		Ordinary	100%	Dormant
Bitbuzz UK Limited		Ordinary	100%	Telecoms
Cable London Limited		Ordinary	100%	Dormant
Cable on Demand Limited		Ordinary	100%	Dormant
CableTel Herts and Beds Limited		Ordinary	100%	Dormant
CableTel Northern Ireland Limited	β	Ordinary	100%	Dormant
CableTel Surrey and Hampshire Limited		Ordinary	100%	Dormant
Cullen Broadcasting Limited	ψ	Ordinary	100%	Telecoms
Eurobell (Holdings) Limited		Ordinary	100%	Holding
Flextech Limited		Ordinary	100%	Dormant
General Cable Limited		Ordinary	100%	Holding
Kish Media Limited	ψ	Ordinary	100%	Dormant
Matchco Limited		Ordinary	76%	Dormant
ntl (B) Limited		Ordinary	100%	Holding
ntl (Broadland) Limited		Ordinary	100%	Dormant
ntl (South East) Limited		Ordinary	100%	Dormant
ntl (V)		Ordinary	100%	Dormant
ntl Business Limited		Ordinary	100%	Telecoms
ntl CableComms Group Limited		Ordinary	100%	Holding
NTL CableComms Group, LLC	Ξ	Common stock	100%	Dormant
ntl CableComms Surrey		Ordinary	100%	Dormant

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. List of investments (continued)

Name of company	Holdings	Proportion held	Nature of business
Indirect shareholdings (continued)			
nti Glasgow	Ordinary	100%	Telecoms
nti Kirkcaldy	Ordinary	100%	Telecoms
nti Midlands Limited	Ordinary	100%	Dormant
nti National Networks Limited	Ordinary	100%	Dormant
nti Pension Trustees II Limited	Ordinary	100%	Corporate Trustee
nti Pension Trustees Limited	Ordinary	100%	Corporate Trustee
nti Rectangle Limited	Ordinary	100%	Holding
nti South Central Limited	Ordinary	100%	Dormant
nti Telecom Services Limited	Ordinary	100%	Dormant
nti Trustees Limited	Ordinary	100%	Corporate Trustee
Telewest Communications (Dundee & Perth) Limited	Ordinary	100%	Dormant
Telewest Communications (Glenrothes) Limited	Ordinary	100%	Dormant
Telewest Communications (Midlands and North West) Limited	Ordinary	100%	Dormant
Telewest Communications (Scotland) Limited	Ordinary	100%	Dormant
Telewest Communications Cable Limited	Ordinary	100%	Dormant
Telewest Communications Networks Limited	Ordinary	100%	Holding
Telewest Limited	Ordinary	100%	Holding
Theseus No.1 Limited	Ordinary	100%	Dormant
Theseus No.2 Limited	Ordinary	100%	Dormant
Tullamore Beta Limited	Ordinary	100%	Telecoms
TV Three Enterprises Limited	Ordinary	100%	Dormant
TV Three Sales Limited	Ordinary	100%	Dormant
Virgin Media Television Limited	Ordinary	100%	Telecoms
Virgin Media Bristol LLC	Common stock	100%	Finance
Virgin Media Business Limited	Ordinary	100%	Telecoms
Virgin Media Employee Medical Trust Limited	Ordinary	100%	Corporate Trustee

VIRGIN MEDIA INVESTMENT HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

21. List of investments (continued)

Name of company	Holdings	Proportion held	Nature of business
Indirect shareholdings (continued)			
Virgin Media Finco 2 Limited	Ordinary	100%	Finance
Virgin Media Intermediary Purchasing Limited	Ordinary	100%	Finance
Virgin Media Limited	Ordinary	100%	Telecoms
Virgin Media Operations Limited	Ordinary	100%	Holding
Virgin Media Payments Limited	Ordinary	100%	Collections
Virgin Media PCHC Limited	Ordinary	100%	Dormant
Virgin Media Secretaries Limited	Ordinary	100%	Dormant
Virgin Media Secured Finance PLC	Ordinary	100%	Finance
Virgin Media Senior Investments Limited	Ordinary	100%	Holding
Virgin Media Wholesale Limited	Ordinary	100%	Telecoms
Virgin Mobile Telecoms Limited	Ordinary	100%	Telecoms
Virgin WiFi Limited	Ordinary	100%	Telecoms
VM Ireland Group Limited	Ordinary	100%	Holding
VM Transfers (No 4) Limited	Ordinary	100%	Dormant
Yorkshire Cable Communications Limited	Ordinary	100%	Dormant

All companies are registered at Bartley Wood Business Park, Hook, Hampshire, RG27 9UP, unless otherwise noted below:

β	Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP
ψ	Macken House, 39/40 Mayor Street Upper, Dublin 1, D01 C9W8
Σ	1 South Gyle Crescent Lane, Edinburgh, EH12 9EG
≡	251 Little Falls Drive, Wilmington, DE 19808. These entities are registered in the USA.
Ω	1550 Wewatta Street, Suite 1000, Denver, CO 80202
β	Unit 3, Blackstaff Road, Kennedy Way Industrial Estate, Belfast, BT11 9AP

22. Post balance sheet events

Joint venture transaction

On 7 May 2020, Liberty Global entered into a Contribution Agreement with, among others, Telefónica, SA (Telefónica). Pursuant to this agreement, Liberty Global and Telefónica agreed to form a 50:50 joint venture (UK JV). The joint venture combines the operations of Virgin Media Inc (Virgin Media) and its subsidiaries and the operations of O2 Holdings Limited and its subsidiaries (O2), to form Virgin Media O2. The formation of the joint venture was completed on 1 June 2021.

Prior to the completion of the UK JV, Virgin Media was a wholly owned subsidiary of Liberty Global plc.